

P 281413Z APR 08
FM AMEMBASSY ABU DHABI
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S E C R E T ABU DHABI 000528

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E.O. 12958: DECL: 04/28201

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SUBJECT: A/S WELCH WITH UAE FOREIGN MINISTER ABDULLAH

Classified by CDA Martin Quin, reasons 1.4 (b) and (d).

¶1. (C) Summary: In a private lunch conversation on April 20 in Abu Dhabi, Assistant Secretary for NEA David Welch covered a broad range of issues with UAE Foreign Minister Abdullah bin Zayed (AbZ). Notes follow on Iraq, Afghanistan, Lebanon, nuclear power, IAEA, Iran, Palestine, Pakistan, Algeria, and Yemen. End summary.

¶2. (C) IRAQ: The UAE is willing to send an Ambassador to Baghdad, but many issues must be worked out to accomplish this goal. AbZ anticipated authorization the following day for a survey team to visit potential Embassy sites in the International Zone. He noted a recent Iraqi Parliament statement in Irbil as an irritant in the relationship. (Note: The statement suggested Iraqi support for Iran's claims to three disputed islands in the Gulf. The UAE often cites an Arab consensus of 35 years standing supporting the UAE's claim to the islands of Abu Musa and the Greater and Lesser Tunbs. The statement was perceived as Iraq breaking ranks with that Arab consensus at a time when deeper Arab engagement should be the goal. End note.)

¶3. (S) AFGHANISTAN: Welch commended AbZ for the UAE's troop deployment in Afghanistan, including combat action more aggressive than many European states present there. AbZ said that a new Italian Foreign Minister with defense experience was a positive sign (and viewed Berlusconi's victory as generally positive).

¶4. (C) LEBANON: The UAE planned to join the Lebanon discussion in Kuwait on April 22. AbZ said Lebanese PM Siniora was "not too excited" about the meetings and did not want to seek an invitation if he might be refused. On another topic, AbZ said Saudi Arabia's commitment of \$1 billion in budget support to Lebanon had not yet been deposited.

¶5. (C) NUCLEAR POWER: AbZ said the UAE seeks a 123 agreement with the U.S. quickly. Asked about UAE interest in a U.S. nuclear reactor, AbZ said he did not think the U.S. could supply one fast enough to meet the UAE timeline. The UAE seeks ultra-safe "third generation" technology to meet an anticipated 40,000 megawatt electricity demand projected for ¶2020. Time is of the essence. France, said AbZ, feels it can provide a reactor in eight years; he assumed the U.S. would take considerably longer.

¶6. (C) IAEA BOARD OF GOVERNORS: AbZ said the UAEG was not inclined to accept the invitation of U.S. Ambassador to the IAEA Greg Schulte to seek a seat on the IAEA Board of Governors. Arab support had been promised to Syria for that seat, he noted.

¶7. (S) IRAN: Acknowledging U.S. Congressional pressure to scrutinize and limit Iran-related financing, AbZ said it was difficult to distinguish between official and private flows of money from the UAE, which is home to 400,000 Iranians. The two nations have extensive trade relations. He said it is also difficult to control Hawalla (informal cash couriers) and that joint efforts in that arena had not been very successful. Welch said the UAEG might want to consider a "bottom up" study of what action it might feasibly take vis-a-vis Iran.

¶8. (C) PALESTINIAN AUTHORITY: Regarding support for the Palestinian Authority, AbZ said the UAE had paid its budget commitments through March of 2009. Additionally, the UAEG had offered tens of millions in added funding and extensive support for development projects. AbZ said Quartet Envoy Tony Blair had suggested the UAE send a delegation to visit Jerusalem to explore project opportunities; the UAE had declined the offer but was willing to study projects presented to it. One high-cost project for Jordan, near Aqaba, had been completed in 24 hours, said AbZ, stressing UAE flexibility and generosity when conditions were right.

¶9. (S) PAKISTAN: The UAE has no choice but to back President Musharraf, said AbZ, cognizant that the resident Pakistani population in the UAE is about the same size as the UAE citizenry. He said \$10 billion had been moved (presumably by private individuals) from Pakistan to UAE financial institutions when the political situation in Islamabad looked shaky.

¶10. (S) YEMEN: AbZ noted sensitivities about inviting Yemen to join the GCC, including Yemen's border issues with Saudi Arabia. He said Kuwait and the UAE were particularly opposed to Yemen's inclusion, with Kuwait having stated flatly it would not participate in a GCC which included Yemen. AbZ saw President Ali Abdullah Saleh as a mercurial figure and relayed a rumor expressed by former president of South Yemen Ali Nasser that President Saleh may have had a role in the Cole bombing. AbZ said the UAE had some difficulty trusting Yemen on counter-terror issues.

¶11. (C) ALGERIA: AbZ was also unsure of Algeria's credibility on the counter-terror front. He lamented that it had taken the UAE two years to negotiate access to a hunting reserve which spanned the Algerian-Moroccan border in spite of good relations with President Bouteflika (who had lived in the UAE for some time). (Note: Hunting reserves where UAE royals can test their falcons against the hobara bustard -- whose numbers are augmented through careful breeding programs -- are a UAEG priority. End note.)

¶12. (C) LIBYA: Abu Dhabi Crown Prince Mohammed bin Zayed (MbZ) had enjoyed a good trip to Libya, said AbZ, and relations with Libya were warming up. Economic investments were increasing. The UAE works primarily through Saif Qaddafi, according to AbZ. AbZ did not see Libya as a particular security problem.

¶13. (U) A/S Welch did not have an opportunity to clear this message.

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